



BNP PARIBAS

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for a changing
world

BNP PARIBAS MALAYSIA BERHAD

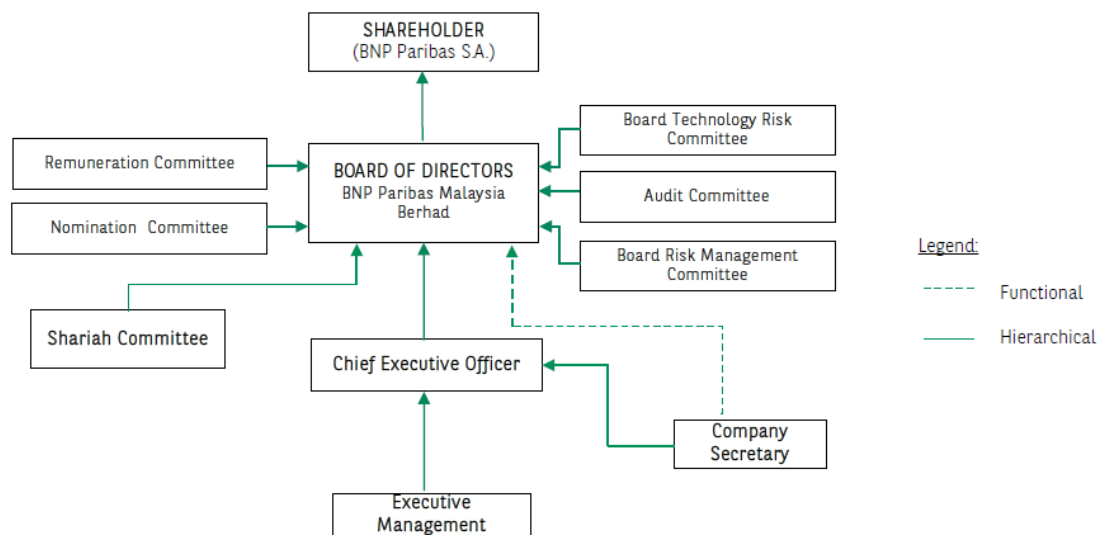
Registration No. 201001034168 (918091-T)

STATEMENT ON CORPORATE GOVERNANCE

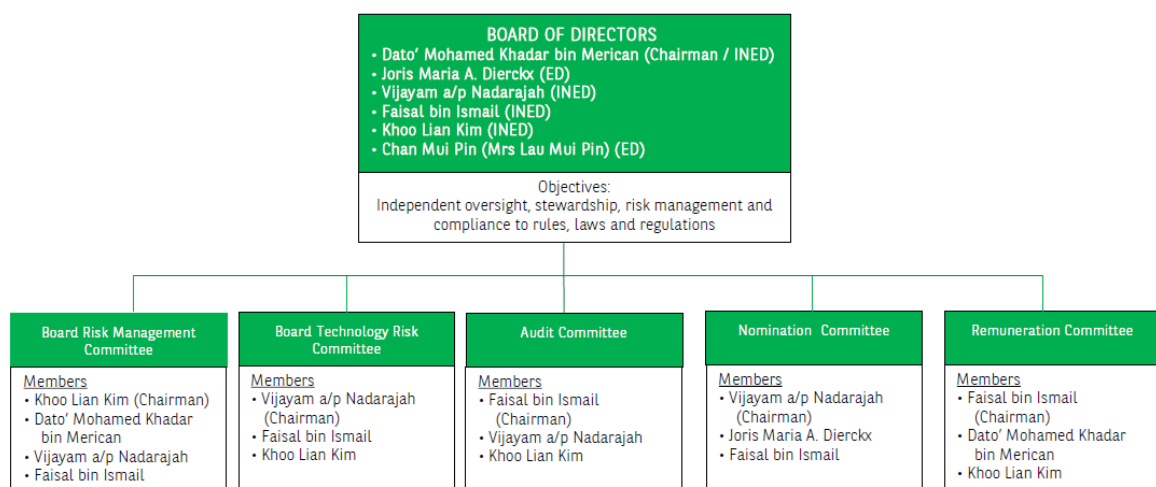
This Statement on Corporate Governance forms part of the Directors' Report in the Audited Financial Statements for the financial year ended 31 December 2023

1. Overview

- 1.1 The Statement on Corporate Governance of BNP Paribas Malaysia Berhad (the “Bank”) outlines the key aspects of the Corporate Governance (“CG”) framework of the Bank.
- 1.2 The Board of Directors (the “Board”) ensures that the policies and practices of the Bank are aligned with BNP Paribas Group policies and procedures and local laws, rules and regulations. Strong CG is essential for the long-term sustainability and growth of the Bank.
- 1.3 The CG framework of the Bank promotes accountability, oversight, good governance and ethical business practices. The Code of Ethics of the Bank instils ethical practices for the Board and Management.
- 1.4 The Board’s structure is illustrated below. The four (4) independent control functions that report to the Board are Compliance, Risk & Governance, Legal and Internal Audit.



2. Board of Directors and Board Committees of the Bank



Legend:
 INED – Independent Non-Executive Director
 ED – Executive Director



- 2.1 The Board has fiduciary duties to the Bank and exercises them with independent judgement, good faith and professional due care. The Board’s authority and responsibilities are stated in the Board Charter. The Board Charter is available for reference at <https://apac.bnpparibas/en/malaysia/corporate-governance>
- 2.2 The Board is responsible for protecting all stakeholders’ interests including that of the shareholders, customers, and employees.
- 2.3 There are six (6) Board of Directors whose details are provided below:

DATO’ MOHAMED KHADAR BIN MERICAN

Nationality : Malaysian
 Age : 67
 Date of appointment : 1 March 2021 (Independent Non-Executive Director)
 : 23 March 2021 (as Chairman)

Career:

Extensive working experience in financial and general management and positions held include:

- Auditor and consultant in an international accounting firm, before joining a financial services group.
- Held senior management positions including President and Chief Operating Officer of Pernas International Holdings Berhad.
- Chairman of RHB Capital and was named ‘Chairman of The Year’ by the Minority Shareholders Watchdog Group at its ASEAN Corporate Governance Index Awards 2013.

Directorship(s) in public companies incorporated in Malaysia:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Current - Capital A Berhad Iris Corporation Berhad Tune Protect Group Berhad Rashid Hussain Berhad (<i>in members’ Voluntary Liquidation</i>) | <ul style="list-style-type: none"> • Past - RHB Group of companies Astro Malaysia overseas group of companies |
|--|---|

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of Board Risk Management Committee
- Member of Remuneration Committee

Length of Service as an Independent Non-Executive Director (as at March 2024):

- 3 years

JORIS MARIA A. DIERCKX, Executive Director

Nationality : Belgian
 Age : 54
 Date of appointment : 8 March 2019

Career:

Extensive working experience with BNP Paribas Group and positions held include:

- Country Head of BNP Paribas Japan
- Country Head of BNP Paribas South Korea
- Head of Territory India and CEO BNP Paribas India
- Currently, Regional Head of South East Asia and CEO BNP Paribas Singapore

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of Nomination Committee



VIJAYAM A/P NADARAJAH, Independent Non-Executive Director

Nationality : Malaysian
 Age : 61
 Date of appointment : 1 October 2019

Career:

Extensive working experience in banks and insurance companies and positions held include:

- Financial Controller, CIMB Aviva Assurance Bhd / CIMB Aviva Takaful Bhd
- Assistant General Manager Finance, Oriental Capital Assurance Bhd
- Specialist, Research and Development / Corporate Program of Finance Accreditation Agency
- Consultant, overseeing incorporation of China Construction Bank Malaysia
- President of Institute of Internal Auditors Malaysia 1996/1997

Directorship(s) in public companies incorporated in Malaysia:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Current - Manulife Holdings Berhad Manulife Insurance Berhad | <ul style="list-style-type: none"> • Past - MPI Generali Insurans Berhad The Bank of Nova Scotia Berhad |
|---|---|

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Chairman of Nomination Committee • Chairman of Board Technology Risk Committee | <ul style="list-style-type: none"> • Member of Audit Committee • Member of Board Risk Management Committee |
|---|--|

Length of Service as an Independent Non-Executive Director (as at March 2024):

- 4 years 5 months

FAISAL BIN ISMAIL, Independent Non-Executive Director

Nationality : Malaysian
 Age : 60
 Date of appointment : 1 October 2020

Career:

Extensive working experience in commercial organisations and positions held include:

- Various managerial positions in Peremba Group and Executive Director of Landmarks Berhad
- Executive Director, Head of Strategic Advisory Division, BinaFikir Sdn Bhd
- Director, Investments, Khazanah Nasional Berhad
- Group Managing Director, Pantai Holdings Berhad and Pantai Support Services Sdn Bhd
- Deputy CEO, Commercial, 1MDB Real Estate Sdn Bhd (development of Tun Razak Exchange and Bandar Malaysia)
- Director, Corporate & Strategic Planning and Transformation Programme, Boustead Heavy Industries Corporation Berhad
- CEO/Advisor, Mount Irau Ventures Sdn Bhd, a wholly owned subsidiary of Khazanah Nasional Berhad

Directorship(s) in public company incorporated in Malaysia:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Current - Credit Guarantee Corporation Malaysia Berhad | <ul style="list-style-type: none"> • Past - Danajamin Nasional Berhad JP Morgan Chase Bank Berhad Pantai Holdings Berhad Landmarks Berhad ShangriLa Hotels Malaysia Berhad |
|--|---|

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Chairman of Remuneration Committee • Chairman of Audit Committee • Member of Board Technology Risk Committee | <ul style="list-style-type: none"> • Member of Nomination Committee • Member of Board Risk Management Committee |
|--|---|

Length of Service as an Independent Non-Executive Director (as at March 2024):

- 3 years 5 months



KHOO LIAN KIM, Independent Non-Executive Director

Nationality : Malaysian
 Age : 54
 Date of appointment : 1 September 2022

Career:

Extensive working experience in risk management in financial institutions and positions held include:

- Head, Risk / Chief Risk Officer and Head, Group Risk Operation, RHB Banking Group
- Head, Risk Management & Analytics, Head, Basel II Implementation and Equity Research, CIMB Banking Group

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of Board Risk Management Committee
- Member of Audit Committee
- Member of Board Technology Risk Committee
- Member of Remuneration Committee

Length of Service as an Independent Non-Executive Director (as at March 2024):

- 1 year and 6 months

CHAN MUI PIN (MRS LAU MUI PIN), Executive Director

Nationality : Singaporean
 Age : 59
 Date of appointment : 7 September 2022

Career:

Extensive working experience in BNP Paribas Group and other organisations, and positions held include:

- Equity Derivatives Middle Office / Trading, BNP Paribas Singapore
- Head of Fixed Income and Treasury Middle Office, Asia Pacific and Singapore
- Chief Operating Officer (“COO”), Fixed Income (Global Markets) and Treasury and Capital Markets Transversal Operations APAC
- COO, South East Asia (“SEA”), BNP Paribas Singapore
- COO, Compliance Asia Pacific / Regulatory Compliance Lead, Asia Pacific
- Head of Compliance for BNP Paribas Singapore and SEA
- Internal Auditor, Bishop Pipeline Corporation USA
- Accountant, Coastal Gas Marketing USA

Directorship in public company incorporated in Malaysia:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- None



3. Attendance of Directors at Board and Board Committees' meetings

3.1 The following table shows the attendance of directors at Board meetings (including special meetings) during FY 2023:

| Directors | No. of Meetings Attended | % |
|----------------------------------|---------------------------|-----|
| Dato' Mohamed Khadar bin Merican | 10 out of 10 [^] | 100 |
| Joris Maria A. Dierckx | 11 out of 11 | 100 |
| Vijayam a/p Nadarajah | 11 out of 11 | 100 |
| Faisal bin Ismail | 11 out of 11 | 100 |
| Khoo Lian Kim | 11 out of 11 | 100 |
| Chan Mui Pin (Mrs Lau Mui Pin) | 10 out of 11* | 91 |

Legend:

[^] The number of meetings he had attended was ten (10) only for 2023. He was not required to attend a special meeting because the meeting agenda concerns his reappointment.

* She was unable to attend a special meeting because she was on block leave.

3.2 The following table shows the attendance of directors at Board Committees' meetings (including special meetings) during FY 2023:

| Directors | No. of Meetings Attended | | | | |
|----------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | BRMC | BTRC | AC | NC | RC |
| Dato' Mohamed bin Khadar Merican | 6 out of 6 | N/A | N/A | N/A | 4 out of 4 |
| Joris Maria A. Dierckx | N/A | N/A | N/A | 9 out of 9 | N/A |
| Vijayam a/p Nadarajah | 6 out of 6 | 5 out of 5 (Chairman) | 6 out of 6 | 9 out of 9 (Chairman) | N/A |
| Faisal bin Ismail | 6 out of 6 | 5 out of 5 | 6 out of 6 (Chairman) | 9 out of 9 | 4 out of 4 (Chairman) |
| Khoo Lian Kim | 6 out of 6 (Chairman) | 5 out of 5 | 6 out of 6 | N/A | 4 out of 4 |
| Chan Mui Pin (Mrs Lau Mui Pin) | N/A | N/A | N/A | N/A | N/A |

Legend

BRMC : Board Risk Management Committee

BTRC : Board Technology Risk Committee

AC : Audit Committee

NC : Nomination Committee

RC : Remuneration Committee

N/A : Not Applicable

3.3 The Board and Board Committees (except NC and RC) conduct at least four (4) scheduled meetings in a year, and special meetings are convened on a need basis.



3.4 The Board delegated the Board Committees with the following responsibilities:

| | |
|--|---|
| Board Risk Management Committee | To oversee the following: <ul style="list-style-type: none"> • Risk management policies, processes and framework. • Risk strategy and risk appetite statement. • Identification, measurement and monitoring of material risks. • To advise the Remuneration Committee of the consistency of incentives proposed for material risk takers. |
| Board Technology Risk Committee | To oversee the following: <ul style="list-style-type: none"> • IT and cybersecurity risk management framework. • Management of Information & Communication Technology risks. • IT policies and procedures. • Outsourced activities. • Business continuity plan and disaster recovery plan exercises. |
| Audit Committee | To oversee the following: <ul style="list-style-type: none"> • Financial reporting. • Internal audit function and appointment of Head of Internal Audit. • External audits and appointment of external auditors. • Internal control framework, conflict of interest policy and connected / related party transactions. |
| Nomination Committee | To oversee the following: <ul style="list-style-type: none"> • Appointments, reappointments, resignations, removals, and succession planning of Directors, Management, Shariah Committee (“SC”) members and the Company Secretary. • Evaluation of the Board and Board Committees, individual directors. • Evaluation of the annual performance of Management, SC members and the Company Secretary. |
| Remuneration Committee | To oversee the following: <ul style="list-style-type: none"> • Remuneration framework of the Bank. • Remuneration of the Directors, Senior Officers including Other Material Risk Takers and SC members. |

3.5 The agendas for the Board and Board Committees are determined by the respective chairs in consultation with the Company Secretary and the Chief Executive Officer. The agendas are drafted to ensure that the Board and Board Committees deliberate on all essential papers requiring the oversight / endorsement / approval of the Board.

The Board and Board Committees’ meetings are allocated sufficient time to discuss, debate, and challenge Management on all board papers.

3.6 All directors shall exercise their duties in the interest of the Bank and declare any conflict of interest if they exist. The Board shall collectively exercise its independence of management and professional duty of care in its oversight responsibilities.

The Bank has a policy that no director shall hold more than five (5) directorships in public companies. This is to ensure that all directors provide sufficient time and commitment to Board matters.

3.7 The Company Secretary supports the Board and Board Committees by keeping a record of the minutes, and functions as a Board governance officer.



4. Board Composition, Succession Planning and Evaluation

The Board has four (4) independent directors and two (2) executive directors who brings a variety of skills and experience to discharge its oversight duties. The Nomination Committee (“NC”) of the Board assesses the effectiveness of its directors through an annual Board Effectiveness Exercise (“BEE”). In 2023, the BEE was conducted independently by FIDE FORUM.

For purposes of appointment of directors, the NC will engage external search consultants to provide resumes of potentially suitable candidates. The appointment of new directors involves an internal review of skills and experience of existing directors and gaps to be filled.

In the Bank, there is a conscious effort to subscribe to gender diversity. Currently, the Bank has 50 percent of directors comprise of women. In selecting directors, the NC considers the capability of directors to collectively enhance the Board’s ability to oversee the affairs of the Bank effectively.

The Board is guided by policies on succession planning and directors’ training, procedure on (re)appointment, resignation and removal of directors. These policies and procedure are reviewed periodically for relevance.

5. Attendance of Training by Directors

5.1 Collectively, the directors had attended the following internal and external training programmes, conferences, seminars, workshops during the financial year 2023:

| Organiser | Training events |
|------------|---|
| FIDE FORUM | <ul style="list-style-type: none"> ➤ Board Leadership Series: ‘Can America stop China’s rise? Will ASEAN be damaged?’ ➤ Special invitation to Engagement Lunch: Discussing the Future of Board Talent in Financial Services Industry ➤ Distinguished Board Leadership Series 2023 – Empowering Change through Diversity, Equity & Inclusion |
| Internal | <ul style="list-style-type: none"> ➤ Cybersecurity briefing ➤ Environmental, Social & Governance briefing ➤ BNP Paribas - Sustainable Future Forum 2023 ➤ Directors’ communication encryption solutions ➤ Certificate of Business Sustainability, Cambridge Institute Sustainability Leadership |
| Others: | <ul style="list-style-type: none"> ➤ Asia School of Business (“ASB”): <ul style="list-style-type: none"> - Beyond Box-Ticking: Essentials for Effective Remuneration Committee - Crisis management & negotiation ➤ Iclif Executive Education Center (“Iclif”): FIDE Core Programme – Modules A and B (for banking institution) ➤ BNM: Engagement session with CEOs/Chairmen of Banks/Insurance and Takaful Operators, and Associations (in conjunction with the release of BNM Annual Report 2022, Economic & Monetary Review 2022, and Financial Stability Review 2nd half of 2022) |



| Organiser | Training events |
|--------------------|---|
| Other: (cont'd) | <ul style="list-style-type: none"> <li data-bbox="533 259 1453 322">➤ Standard Chartered Saadiq Berhad: Islamic Financial Markets Forum 2023 <li data-bbox="533 338 1453 400">➤ INCEIF University and ISRA Consulting: Islamic Finance for Board of Directors' Training Programme <li data-bbox="533 416 1453 479">➤ Iclif and ASB: FIDE Elective: Understanding the Cybersecurity Landscape <li data-bbox="533 495 1453 557">➤ International Institute for Management Development, Lausanne, Switzerland: Driving Sustainability from the Boardroom 2023 <li data-bbox="533 573 1453 636">➤ BNM and Securities Commission Malaysia: Joint Committee on Climate Change Journey to Zero Conference 2023 |

6. The Key Focus Areas of the Board for 2023

6.1 Environmental, Social & Governance (“ESG”)

The Bank continues to support ESG initiatives and demonstrates this in setting financial and non-financial strategies. In addition, the Bank appointed a Chief Sustainability Officer to support the Bank’s activities and clients on sustainability.

The Bank has provided training for the Board and Management on sustainability. The two trainings arranged by the Bank are Certificate of Business Sustainability, Cambridge Institute Sustainability Leadership, and BNP Paribas Sustainable Future Forum 2023 held in Singapore.

6.2 Culture / Diversity, Equity and Inclusiveness

The Board has set a clear tone in encouraging the Bank to embrace values of safety, respect, courage, collaboration and diversity. The Bank has consciously increased women in leadership and workforce.

6.3 Board oversight effectiveness

The Board had engaged FIDE FORUM to independently assess the effectiveness of the Board, Board Committees, and individual directors. This exercise provides an independent objective assessment of their performance and areas of enhancement.

6.4 Information Technology (“IT”) and Cybersecurity

The Board has increased focus on IT and cybersecurity considering new and emerging risks in this space. The Board has an annual training on cybersecurity to enhance its knowledge and keep abreast with new developments in cybersecurity, cloud computing and exposures to outsourced activities.



7. Sustainability statement

7.1 The Bank's strategy is to support its clients in their sustainability ambitions, contributing towards a sustainable low carbon future. To this end the Bank mobilised resources in support of projects that will have a positive impact on the environment.

In line with the BNP Paribas Group ("BNPP Group") commitments and initiatives, the Bank has implemented the following:

- Adopted the strategy in its business activities:
 - (i) to reducing its support for oil and gas exploration and production;
 - (ii) to fund the development of renewable energies;
 - (iii) to support innovation for the energy and ecological transition;
 - (iv) to encourage companies to work towards carbon neutrality; and
 - (v) to raise awareness among large corporate customers.
- The analysis of ESG risks, particularly climate related risk has been embedded in the lending process.
- Adoption of relevant BNPP Group policies such as on sector policies (financing and investment policies) governing activities in sectors involving major energy and climate related issues such as Coal-Fired Power, Palm Oil and Unconventional Oil & Gas Industry.

7.2 With regards to BNP Paribas's risk management framework, the Bank integrates climate change considerations through the following components:

- (i) Governance:
 - Appointment of a Chief Sustainability Officer
 - Inclusion of climate risk related topics in existing management committee to ensure sufficient management oversight
 - Regular updates to the Board on climate risk relevant developments
- (ii) Risk Management:
 - Incorporation of climate risk in ICAAP process through risk identification and risk assessment
 - ESG risks assessment are integral part of credit processes
 - Adoption of BNPP Group's ESG risk management framework (policies, guidelines, and commitments)
- (iii) Employee Engagement:
 - Training and awareness raising sessions to build capability to address sustainability challenges and capitalise on climate relevant opportunities
 - Internal and external training
- (iv) Stakeholder Engagement:
 - Engage externally with regulators and other relevant stakeholders in our markets on sustainability related topics
 - Sponsorship of relevant sustainability events

7.3 This is part of the Bank's continuous effort to drive the Group's initiative in forging sustainable business strategies. The Group's **GTS** 2025 Strategic Plan charts the Bank's ambitions in terms of **G**rowth, the ramping up of **T**echnology and the widespread deployment of **S**ustainable finance. This is in line with BNM's expectation in ensuring all financial institutions to strengthen management of potential risks stemming from climate change, resilient against climate-related risks and to facilitate an orderly transition to a low carbon economy.

7.4 The Bank's Board members not only have the necessary skills and knowledge on climate change and its risk related matters but are also kept up to date on the latest climate issues where the directors had attended a variety of climate-related training sessions in 2023, including training on climate-related risks and governance, and the integration of climate-related risks considerations into the business.



8. Shariah Committee

- 8.1 The Shariah Committee (“SC”) supports the Islamic banking business on Shariah compliance. The SC is bound by the Shariah Governance policy document issued by Bank Negara Malaysia.
- 8.2 The SC advises on the application of new rulings applicable to the Bank’s operations, business, affairs and activities. In addition, the SC advises the Bank on any matter related Shariah non-compliant events.
- 8.3 As of 31 December 2023, the SC comprised of three (3) members and their profiles are provided below:

Assoc. Prof. Sa’id Adekunle Mikail (Member – effective June 2018, Chairman – effective June 2023)

Dr. Sa’id, a Nigerian, possess a Bachelor’s Degree in Shariah from Islamic University of Madinah Kingdom of Saudi Arabia. He also has a Master of Comparative Laws and PhD in Law from International Islamic University Malaysia.

Currently, he serves as an Associate Professor and Senior Researcher at the ISRA Research Management Centre, INCEIF University Malaysia. He is a Shariah Board Member in the Islamic Development Bank and has held similar positions in other local and international organisations.

Dr. Mahadi Ahmad (Member – effective November 2022)

Dr. Mahadi, a Nigerian, possess a Bachelor’s Degree in Shariah from Islamic University of Madinah, Saudi Arabia. He also has a Master of Comparative Laws and PhD (Law and Shariah) from International Islamic University Malaysia.

Currently, he serves as a lecturer and senior researcher at ISRA Research Management Centre, INCEIF University Malaysia. He is also a Certified Shariah Advisor and Auditor of Accounting and Auditing Organization for Islamic Financial Institutions, and an Associate Senior Member of Chartered Institute of Islamic Finance Professionals Malaysia.

Dr. Hussein ‘Azeemi Abdullah Thaidi (Member – effective October 2023)

Dr. Hussein, Malaysian, holds a Bachelor's Degree in Fiqh and Fatwa (Hons) from Islamic Science University of Malaysia, and Master’s Degree in Shariah (Fiqh and Usul Fiqh) from University of Malaya. He has a PhD in Religious Studies (Islamic Studies) from University of Aberdeen.

Currently, he is a senior lecturer in the Faculty of Shariah and Law at University Science Islamic Malaysia and a member of the Malaysian Muamalat Association.

- 8.4 The Shariah Committee held five (5) meetings in FY 2023 and the attendance of the SC members is as follows:

| Members | No. of Meetings Attended | % |
|---|--------------------------|-----|
| Assoc. Prof. Dr. Sa’id Adekunle Mikail (Chairman) | 5 out of 5 | 100 |
| Dr. Mahadi Ahmad | 5 out of 5 | 100 |
| Dr Hussein ‘Azeemi Abdullah Thaidi | 1 out of 1 | 100 |

- 8.5 The SC reports to the Board on Islamic business and related matters. The Board had an annual dialogue session with the SC members which was held in October 2023.



9. Internal Control Framework

9.1 Internal Control Objectives

The internal control framework aims to ensure the overall control of risks and provide reasonable assurance that the Bank's objectives in this area are in line with the Risk Appetite Statement of the Bank.

The Bank adopts BNP Paribas ("BNPP") Group's Internal Control framework and is to be read together with the local regulatory and governance setup that are applicable to the Bank. The framework outlines the Bank's overall framework through monitoring of risks that is efficient and coherent with its risk appetite that is appropriate to the nature, scale and size of business activities.

The framework aims at ensuring:

- i. Sound and prudent management of risks, aligned with BNPP Group's values and code of conduct as well as the policies defined in line with the Group's social and environmental responsibility;
- ii. Operational security of internal operations;
- iii. Relevance and reliability of accounting and financial information;
- iv. Compliance with applicable laws, regulations and internal policies.

The implementation of the internal control framework relies, in particular, on the promotion of a high level culture in terms of risks and ethics among all staff and in the relationships between the Bank and third parties, customers, intermediaries or suppliers as well as its shareholders.

The management of the Bank has the duty to implement the principles defined in the framework, under the oversight of its Board of Directors.

9.2 Scope of Application

It covers every kind of risk the Bank may be exposed to (credit risk, counterparty risk, market risk, funding and liquidity risk, interest rate and foreign exchange risk in banking book, operational risk, non-Compliance risk, ESG risk including climate -related, Shariah risk).

It also covers outsourced activities or services, in accordance with regulatory principles.

9.3 The Principles for Action

Internal control of the Bank is based on its values and code of conduct as well as the following complementary principles for action:

i. **Clearly Assigned Responsibilities**

The Internal Control is the matter of every employee of the Bank, whatever his/her hierarchical positioning or responsibilities. Managers/Heads have the responsibilities of ensuring the proper implementation of internal control framework on the scope they are in charge of. In order to do so, responsibilities and delegations should be clearly assigned and communicated to every stakeholder.

**ii. Structured Framework for Identifying, Assessing and Monitoring Risks**

Any internal control framework is expected to be organised around the following elements:

- identification and assessment of risks.
- monitoring of risks, what entails definition and implementation of:
 - ✓ a decision-making and delegation framework, and when the type of risk makes it possible, the definition and implementation of indicators/metrics and limits, operating through a properly defined governance and set of responsibilities;
 - ✓ principles framing organisation and operations' processes;
 - ✓ effective control measures;
 - ✓ a reporting and alert framework;
 - ✓ a follow-up of remediation actions agreed upon further to an attention point raised.

To be efficient at individual and consolidated level, this framework must rely on:

- a coherent taxonomy and compatible methodologies, between the different parties to the internal control framework.
- reliable, timely and flexible information, in coherence with the needs for steering and monitoring.

iii. Independent Control and Oversight of Risks

The internal control framework requires the mandatory and earliest involvement of Functions exercising independent second level controls. This involvement shall include the following:

- definition of a global normative framework for identification, assessment and monitoring of risks;
- definition of situations for which a second prior look issued by a Function exercising independent second level controls and shared with operating entities is required for making a decision;
- independent controls, namely second level controls to exercise independent controls on the framework implemented by the Bank and on its functioning (outcomes of the identification and risk assessment processes, relevance and compliance of the risk mitigation framework and in particular respect of limits set).

The provisions for the involvement of a Function exercising second level controls (level of delegation in the decision-making process, intensity and depth of second level controls) represent a key element of the Internal Control framework and have, for the most important ones, to be validated at the Management level and oversight by the Board of Directors.

Inspection Générale operates third level independent controls in order to assess the effectiveness of risk management, control and governance processes.

iv. Segregation of Duties

The segregation of duties is one of the key elements of the risk monitoring framework. It consists in attributing some operational tasks that are part of the same global process, to different stakeholders who report to different hierarchies or to segregate those tasks using other means, in particular information technology resources.

As an example, tasks related to the origination, confirmation, accounts posting, payment and accounting reconciliation of a transaction must be performed by different staff.

**v. Organised Decision-Making Process**

At a minimum, the delegated scope is defined through job descriptions. When responsibilities justify it, delegations must be formalised by mission statements that precisely define the object and the scope of their application and specify if sub delegation is possible and to which extent.

Regarding significant acts involving third parties, the principle of two signatures is, in most cases, included in the delegation system.

vi. Duty of Transparency

All staff, whatever is his/her positioning, has the duty to transparently notify, that is to say, freely and without delay, the upper level of the organisation he/she reports to such as to his/her hierarchical reporting line, and when applicable, functional reporting line.

- any information necessary to a good understanding of the situation of the Bank, that can have an impact on risks or reputation.
- all matters he/she may not be able to solve by him/herself when performing his/her duties.
- all abnormal situations he/she could notice.

Moreover, each staff member has the right to alert under confidential conditions as provided by the Code of Conduct of the Bank, through the whistleblowing process that is organised by the Compliance Function.

Inspection Générale and every Function exercising second level controls have the right to access³ to all information they consider helpful for performing their duties. They have to be alerted when an important situation or event occurs, along the rules they independently and freely set, consistently with their respective framework.

vii. Formalisation and Traceability Requirements

The various structuring elements of the internal control framework and their level of application are defined in policies and procedures. Opinions, decisions and results arising from the application of these procedures are formalised and traceable, in order to allow, among others, the reporting of information to the Management, Board of Directors, as well as its sub-committees.

viii. Management of Human Resources that Embeds Internal Control Objectives

Internal control objectives have to be taken into account in careers and compensation management. In particular:

- the effective implementation of the Internal Control framework when every staff performs the responsibilities he/she has been assigned, has to be taken into account in his/her appraisal.
- every staff member has to be offered trainings on risks and controls consistently with his/her responsibilities.
- the process of selection for staff members, particularly for key positions, has to take into account their ability to fulfil their responsibilities regarding Internal Control.
- the fixed, variable and discretionary compensation systems are to be set so as to contribute to the compliance with policies defined and with the limits set.

³ In compliance with applicable regulations related to banking secrecy, personal data protection and market abuse prevention



- ix. **Continuous Monitoring of the Framework to Evolutions**
Internal Control framework must be monitored in a dynamic way by its stakeholders. This adaptation to evolutions, whatever their nature, that the Bank faces, must be operated under a periodic cycle defined in advance but also continuously, as soon as events require it.
- x. **Proportionality when Implementing the Internal Control Framework**
The implementation of the Internal Control framework must be operated according to an approach and intensity commensurate with the risks. This proportionality is assessed with respect to one or several of the following criteria:
- intensity of risks as identified in risk assessment programmes (Risk ID for the identification of key risks to which the BNPP Group is exposed, Risk & Control Self-Assessment).
 - amount of capital allocated and/or ratios in terms of solvency and liquidity.
 - criticality of activities with regards to systemic issues.
 - regulatory provisions for conducting activities.
 - size of the activities performed.
 - type of clients and distribution channels used.
 - complexity of designed or sold products and/or of services provided.
 - complexity of processes operated and/or importance of the use of outsourced activities through internal or external legal entities.
 - sensitivity of the environment where the activities are located.
 - legal form and/or presence of minority shareholders.

9.4 The Internal Control Stakeholders

The BNP Paribas Internal Control framework is organised around three lines of defence, under the accountability its “*Dirigeants Effectifs*”, and the oversight of the Board of Directors.

The permanent control consists of the continuous implementation of the risk management framework by the first and the second lines of defence. Periodic control, ensured by the third line of defence, is the verification and assessment function that operates according to a dedicated audit cycle.

Functions ensuring the second and third lines of defence are named Functions exercising independent controls. They report directly to the “*Dirigeants Effectifs*” and for Compliance, Legal, Risk and Inspection Générale, they report or have unfettered access to the BOD.

9.5 The First Line of Defence

Managers and their respective staff are accountable for achieving the objectives set and for monitoring the risks coming from the businesses or services they run or deliver. In doing so, they act in full compliance with the framework, formalised through policies and procedures.

Heads or Managers of the Bank are responsible:

- i. identify and assess current and potential risks they are exposed to, in particular the major ones.
- ii. design, implement and regularly adapt a risk monitoring framework in compliance with:
 - the Risk Appetite Statement and its metrics.
 - policies and procedures including those issued by Functions exercising independent controls.
 - applicable law and regulations.



This risk monitoring framework operated by the first line of defence corresponds to the first level control framework. It is implemented by the staff and/or their managers and/or dedicated control teams which do not operate on the processes they control.

- i. ensure the implementation and the proper functioning of a governance that allows:
 - the spreading of a culture of risk and ethics,
 - the escalation of attention points and alerts,
 - the taking of decision further to attention points and alerts, consistently with the rules applicable to decision making,
 - the monitoring of the timely implementation of actions decided and of recommendations or any others actions⁴ they are responsible for.
- ii. communicate, transparently on their risk issues and adapt the communication with respect to the needs of the different stakeholders:
 - their reporting lines, either hierarchical or functional,
 - the Functions exercising independent controls,
 - their management body in its supervisory function
 - their Supervisors at their level but also when relevant, at consolidated levels.

9.6 The Functions Exercising Second Level Controls – Second Line of Defence

The Function exercising second level controls are accountable to ensure sound functioning of the risk monitoring framework and its compliance with laws and regulations.

They have the following responsibilities:

- the general normative framework in which the risk management they are accountable for, must be operated.
- terms and conditions of their involvement, thresholds and delegations, a priori opinion that can only be overridden through an escalation process, a posteriori controls.
- implement this framework when concerned and are responsible for the first and second level permanent control on their domain of expertise.
- risk monitoring framework defined with respect to identified risks, which should be formally agreed with.
- actual and efficient implementation of this framework, notably via an independent control and a follow-up on remediation measures taken, which must be formalised by an opinion to be shared and discussed, leading to an escalation in case of disagreement.
- contribute to the dissemination of a culture of risk and ethics, throughout the Group.
- the heads of these Functions provide to the “Dirigeants Effectifs” and to the Board of Directors a developed opinion on the level of risks, actual or potential, with regards to the Risk Appetite Statement defined and suggest, when necessary, any remediation action they deem relevant.

Integrated Functions exercising second level controls are:

- risk and related functions, accountable for organising and supervising the management framework related to the risks the Bank is exposed to, and in particular credit and counterparty risk, market risk, funding and liquidity risk, foreign exchange and interest rate risk in the banking book, operational risk, cyber risk, ESG risk including climate-related, and Shariah risk.
- compliance, accountable for organising and supervising the management framework of non-compliance risk.
- legal, accountable for organising and supervising the management framework of legal risk.

Heads of these Functions may report to the Board of Directors or to its sub-committees, directly, possibly without the presence of the “Dirigeants Effectifs”.

⁴ Recommendations addressed by Inspection Générale, a Supervisor, Statutory Auditors or actions addressed by a Functions exercising second level controls.



9.7 **Inspection Générale– The Third Line of Defence**

The Inspection Générale is an independent and hierarchically integrated control Function, which reports directly to the Audit Committee. It performs a third level control. It is accountable for assessing the processes related to risk management, control, and governance as well as their compliance with laws and regulations and proposes ways to strengthen their effectiveness. It acts through:

- assurance assignments that lead to the issuance of findings with associated recommendations.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.
- fact-finding and research assignments, aimed at anticipating risks or threats to which BNPP Group may be exposed.

Its action plan is formalised in an annual audit plan, validated by the Audit Committee. This audit plan may be updated during the year in order to take into account significant changes in the risk profile or further to some specific incidents. These adjustments are decided on the initiative of Inspection Générale and in case of significant changes in the audit plan, after validation by the Audit Committee.

9.8 **Management**

The “Dirigeants Effectifs” are the Chief Executive Officer and the Chief Operating Officer. Operationally, the “Dirigeants Effectifs” take their main decisions with the support of relevant management committees and of the most relevant experts in the area under review.

The “Dirigeants Effectifs” are responsible for the internal control framework. To fulfil these responsibilities and without prejudice of the ones of the Board of Directors, the “Dirigeants Effectifs”:

- set the main policies and procedures which organise the internal control framework.
- directly oversee the Functions exercising independent controls and provide them with the resources enabling them to actually fulfil their responsibilities.
- assess and periodically control the effectiveness of the Internal Control policies, procedures and framework and decides upon appropriate remediation actions further to potential deficiencies.
- report to the Board or to its sub-committees on the functioning of the internal control framework.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.



The roles and responsibilities of key management committees:

| Name of Committee | Roles and Responsibilities |
|---|--|
| Executive Risk Committee | To monitor credit, market, operational, legal, financial and any other relevant risks not covered in a dedicated committee, and to review and critically evaluate / self-assess on an ongoing basis the effectiveness of the Bank's risk management policies and framework. |
| Credit Committee | To determine appropriate credit evaluation, review and monitoring including risk related to ESG. |
| Asset & Liability ("ALCO") | To ensure that the management of assets and liabilities as set out in ALMT framework that is consistent with the objectives and strategies of the Bank. |
| Territory Compliance Committee | To ensure that significant compliance related issues are discussed, impacts are identified and actions are planned and escalation occurs when necessary. |
| Territory Internal Control Committee | To provide an overview of the Bank's permanent control framework and operational risks, and serves as the governance for a collegial analysis and decision process on these topics i.e. to validate the action plans needed to put identified risk areas under control, procedures, control plans and outputs, resources, other actions and means. |
| Country Client & Credit Support Committee ("C2CS") | To provide a regular forum between Business Lines, Coverage, Client Management, Compliance, Coverage & Territories Credit Management (CTCM) and ITO Corporate Credit Control to discuss and follow-up on Client Onboarding, KYC/due diligence, Client Servicing, and credit related matters. |
| Outsourcing Committee | To review, deliberate and endorse any new and/or evolution of existing outsourcing arrangements; to review the performance and compliance with outsourcing framework and outsourcing risk appetite. |
| IT Steering Committee | To develop and implement an effective data management and MIS framework which is aligned with business and risk strategies. |
| Business Continuity Committee | To safeguard the security of staffs and visitors in the premises during crisis, to safeguard BNPP's reputation and contain the risk during the crisis which may impact the stability in the financial market. |
| Territory Operational Risk Committee | To provide an overview of the Bank's operational risk and corresponding control results and framework. |
| FRS9 Committee | To determine the appropriate credit provision level which may include tightening of the staging criteria or deciding to add a buffer to the calculated expected credit loss (ECL) figures. |
| Client Acceptance Committee | To provide an overview, validation/approval framework as relevant, for KYC completion and recertification process including on ESG validation. |
| Technology Risk Management ("TRM") Committee | To provide oversight and facilitates risk communication on the management of technology risk and Governance of ICT risks including regulatory ICT requirements. |

**9.9 Board of Directors**

In the case of BNPPMB, the governing body in charge of the overall oversight and stewardship of the Bank is the local Board of Directors (“BOD”) that carries out its roles and responsibilities in line with the relevant guidelines of the BNP Paribas Group, and local laws and regulations.

BOD will ensure that appropriate steps are taken to ensure that business and operational decisions are aligned with the risk appetite statement. This includes management’s implementation of internal control framework, and adherence to the risk appetite statement. The BOD will also ensure that all control functions and internal audit have the proper authority to carry out their duties independently and effectively.

The BOD is given the means and ability to seek information on risk implications as appropriate before coming to any conclusion or making any significant policy decisions.

The BOD, directly or through its sub- committees, exercises essential duties regarding Internal Control. In particular, the BOD:

- determines, further to proposals by the “Dirigeants Effectifs” the strategy and orientations internal control activities and oversees their implementation.
- examines and approves financial statements, supervises the management of the Bank and oversees the quality and reliability of financial information communicated to the shareholders and the markets; to this extent, it performs or requests the performance of any controls and checks it considers appropriate.
- takes up any matter concerning the sound functioning of the Bank.
- examines, assesses and controls regularly the efficiency of the framework of governance, notably the clear allocation of responsibilities, and of Internal Control, especially the procedures for reporting risks, and takes appropriate measures to remedy potential deficiencies it observes.
- validates the Risk Appetite Statement, periodically approves and reviews strategies and policies surrounding the Bank’s activities.
- reviews, at least once a year, proposals of budgets, of management reports and of various legal or regulatory reports.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.
- fact-finding and research assignments, aimed at anticipating risks or threats to which the Bank may be exposed.



The role and responsibilities of the respective BOD Committees:

| Name of Committee | Roles and Responsibilities |
|-------------------------------|---|
| Board Risk Management | To oversee management’s activities in managing various risks such as credit, market, liquidity, operational including Shariah non-Compliance risk, Legal and other risks, and to ensure that the risk management process is in place and functioning. |
| Board Technology Risk | To oversee the management of ICT risk and other ancillary risks in ensuring key technology risks and critical technology operations including Information Technology (“IT”) risk management policies, process and risk management framework are in place and functioning. |
| Audit Committee | To oversee on matters related to the internal and external audit functions, financial reporting, internal control system and ensuring checks and balances. |
| Remuneration Committee | To oversee on matters related to the remuneration policy for Directors, in-scope officers/employees. |
| Nomination Committee | To oversees on matters related to the appointment of members of Board of Directors, Chief Executive Officer and in-scope officers/employees, including fit and proper assessment and performance evaluation. |

9.10 Shariah Committee

Shariah Committee provides guidance to the BOD and Management in discharging their duties in matters related to Shariah governance and compliance.

9.11 Key Policies and Procedures Risk Appetite

Define the risk level by risk types that the Bank is willing to accept or conversely seeking to avoid in pursuit of its business strategy in coherence with its values and medium to long term risk profile.

ESG Risk Management

In line with the BNP Paribas Group commitments and initiatives, the Bank has implemented the following:

- adopted the strategy in its business activities: (i) to reducing its support for oil and gas exploration and production; (ii) to fund the development of renewable energies; (iii) to support innovation for the energy and ecological transition; (iv) to encourage companies to work towards carbon neutrality; and (v) to raise awareness among large corporate customers.
- the analysis of ESG risks, particularly climate related risk has been embedded in lending process.
- adoption of relevant BNPP Group policies such as on sector policies (financing and investment policies) governing activities in sectors involving major energy and climate related issues such as Coal-Fired Power, Palm Oil and Unconventional Oil & Gas Industry

Compliance Framework

The Framework provides the key principles and guidelines for managing compliance risk within the Bank. It serves as a guide in understanding, complying and managing compliance risk.

Shariah Compliance

Shariah Compliance Policy sets out the expectations for effective Shariah governance structures, processes and arrangements of the Bank’s Islamic window activities, which is in line with the requirements of BNM Shariah Governance Policy Document.

**Code of Conduct**

The Bank adopted the BNPP Group Code of Conduct that sits at the heart of every action. The Code of Conduct comprises of three parts. The first section, on mission and values, is intended to guide and inspire all behaviours. The second section covers the rules of conduct to be shared and implemented. The third section, called the Code of Conduct in practice, provides helpful guidelines on how to apply the rules of conduct.

BNPP Group has an update to its Code of Conduct. While the underlying principles of the Code have not changed, the updated Code of Conduct has been strengthened in three specific areas:

- involvement with Society, in particular, our support for the energy transition.
- anti-corruption and influence peddling.
- competition laws.

The Human Resources Department has stepped up its enforcement in this area. There is zero tolerance for any type of misconduct, including but not limited to disrespectful or sexist language, a lack of civility, or harassment.

AML / Counter Financing of Terrorism

The Bank is committed to fighting financial crime and ensuring compliance with the relevant laws and regulations. Financial crime risks are managed to protect the Bank's integrity and reputation. The bank has established comprehensive controls to anticipate, prevent, detect and respond to money laundering, terrorist financing and sanctions risks.

Whistleblowing

The Bank is committed to the highest standard of ethics and integrity in its conduct of business and operations. The Bank's Whistleblowing Policy sets up the governance and standards to promote an ethical, responsible and secure whistleblowing practice.

IT / Cyber Security

The framework defines the technical, administrative and physical controls to be in place in order to ensure the confidentiality, integrity and availability of the data environment.

Business Continuity Management

The framework serves as a comprehensive approach to minimise the impact and losses that the Bank may incur by taking prompt actions to sustain the operations of critical businesses in the event of disruption, including significant events of reputational risk, substantial volatility in liquidity, threat to staff's life and safety, severe failure on computer and communication facilities, continuous disturbance or inoperability of the primary business location.



10. Remuneration

BNPP Malaysia Bhd is subject to and adopts the BNP Paribas Group (the “Group”) Remuneration Policy, as well as applicable legislation and regulations in Malaysia.

10.1 Objectives of Remuneration Policy

- (i) The policy reflects the Bank’s objectives for good corporate governance for all employees. This will enable the Bank to attract, develop and retain high-performing and motivated employees in a competitive market without encouraging risk-taking that exceeds the level of risk tolerated by the Bank and without creating situations of conflicts of interest between employees and clients.
- (ii) Employees are offered a competitive and market aligned remuneration package making employees feel encouraged to create sustainable results.
- (iii) Key to the above objectives of high performance and sustainable results is the alignment of employee remuneration packages with the overriding principle of compliance to BNP Paribas (“BNPP”) policies and procedures, including but not limited to the Group Code of Conduct, Group Remuneration Policy and principles, Internal Controls, Global Policy on the Protection of Interests of Clients, Risk Management policies and procedures and management of conflicts of interest.
- (iv) The above overriding principles thereby create the BNP Paribas Control Environment, which drives the desired behavior of BNP Paribas employees in developing and maintaining a control mindset in the governance of daily work.

10.2 Board Oversight

- (i) The Board monitors compliance with the Remuneration Policy annually (notably during the compensation review process) and is responsible for ensuring strict adherence with local regulations and labour laws in Malaysia as well as compliance with BNPP Group Remuneration Policy.
- (ii) The Board has established a Remuneration Committee (“RC”) specifically to review the remuneration of Senior Management, Senior Officers and Other Material Risk Taker. In the case of Directors’ remuneration, the Board, through the RC, shall also review the Directors’ fees annually and recommend the same for approval by the shareholder at the Annual General Meeting.
- (iii) The RC works as well as a preparatory committee to review and prepare the Board with respect to notably the annual compensation review process in alignment with Group guidelines.
- (iv) Without prejudice to the missions of the RC, the Board Risk Management Committee (“BRMC”) shall assist to examine whether the incentives provided for by the policy and the remuneration practices of BNP Paribas are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity, and the likelihood and timings of earnings. To carry out this mission, the Chairman of BRMC is a member of the RC and provides the inputs / view of the BRMC.



10.3 Structure of Compensation

(i) Fixed Compensation

Fixed Compensation is intended to reward competence, experience, qualification level, as well as the level of involvement in assigned task. It is set on the basis of the local market and the principle of internal consistency within BNPP Group.

(ii) Short Term Variable Compensation

The variable compensation is determined in such a way as to avoid incentives that could run counter to the protection of customer interests or lead to conflicts of interest between employees and customers.

The Group principles concerning the protection of interests of clients are defined in the following policies :

- Global Policy on the Protection of Interests of Client: “Good sales Practices” ;
- Group Conflicts of interest Global Policy ;
- Global policy on remuneration practices that could present conflict of interest ;
- Compliance to local policies in Malaysia.

i) Variable Compensation is intended to reward quantitative and qualitative achievements measured on the basis of observed performance and individual assessments related to fixed objectives and behaviors.

ii) Fixed objectives will include predetermined Key Performance Indicators set annually. These comprise of measures designed to inculcate a control mindset and to drive employee behavior towards compliance of the bank’s control environment.

iii) It does not constitute a right and is set in a discretionary manner each year in accordance with the remuneration policy for the relevant year and corporate governance guidelines.

(iii) Long Term Variable Compensation

In addition, variable compensation may also consist of a medium or long term retention plan, which may include stock options, performance shares, long or medium-term compensation plan, or any other suitable instrument aimed at motivating and building the loyalty of the key executives and high potential employees, by giving them an interest in the growth of the value created.



10.4 **Performance and Compensation Reviews**

Performance and Compensation reviews for all staff takes place towards the end of each year with key features of these reviews being as follows:

- (i) Managers are required to conduct performance reviews of their staff in an objective and transparent manner, as the results go towards contributing in the assessment of discretionary bonus and salary increments of the staff.
- (ii) Managers are expected to review the job description of their staff, quantitatively and qualitatively with clear Key Performance Indicators that drive BNPP Malaysia Bhd and the Group desired behaviors, and to write them with enhanced clarity by separating scope of responsibility and areas where they are expected to be contributors. This is an essential effort to build collaboration across the different teams.
- (iii) Each staff is assessed on their achievements of the goals set at the start of the year and will also be assigned some specific concrete objectives for the year to come which are materialised in the appraisal.
- (iv) During the individual performance evaluation, particular attention must be paid by the manager to the employee's observance of compliance and risk control rules. Any breach by the employee in this regard should be mentioned in his/her annual assessment and will have impacts on the overall assessment of his or her performance, as well as on the award of the variable compensation, which may, if necessary, be reduced or cancelled.

10.5 **Support and Control Functions**

Principles

The variable compensation bonuses of support and control functions are determined independently of the performance of the business that they validate or the operations they verify, but taking into account the situations of the specific labour market, to a limited extent.

Individual allocations are made according to the Group's applicable guidelines for variable compensation, and independently of the performances of the entities. Furthermore, particular attention must be paid to the employee's contribution to risk management during the annual assessment process.

A further and more detailed description of the Group compensation policy (including for "MRT" [Material Risk Taker]) that apply to all BNP Paribas Group entities, such as BNPP Malaysia Bhd, is available at <https://invest.bnpparibas.com/en/compensation-regulated-employees>.

In terms of local regulatory requirements, BNPP Malaysia Bhd is aligned with the remuneration requirements of the BNM CG Policy.



10.6 Remuneration of Directors, Chief Executive Officer, Senior Officers and Other Material Risk Taker

(i) Details of Directors' Remuneration for FY 2023 of the Bank are as follows:

| Directors | Fixed Remuneration | | Variable Remuneration | Total Remuneration (Net of tax) (RM/year) |
|-----------------------------------|---|-----------------------------------|-----------------------------------|---|
| | Gross Director's Fees (Net of SST)* (RM/year) | Benefits-in-kind (RM/year) | Other Allowances (RM/year) | |
| | Dato' Mohamed Khadar bin Merican | 377,358.48 * | - | - |
| Joris Maria A. Dierckx | - | - | - | - |
| Vijayam a/p Nadarajah | 170,000.00 | - | - | 136,224.20 |
| Faisal bin Ismail | 170,000.00 | - | - | 136,710.00 |
| Khoo Lian Kim | 170,000.00 | - | - | 136,224.20 |
| Chan Mui Pin (Mrs Lau Mui Pin) | - | - | - | - |
| TOTAL | | | | 733,668.75 |

Legend:

* Net of SST is only applicable for Dato' Mohamed Khadar Merican. Gross Director's fee for Dato Khadar is RM400,000

(ii) Details of the Chief Executive Officer's ("CEO" and also known as "Senior Management") remuneration for FY 2023:

| Total Value of Remuneration Awards for FY 2023 | Unrestricted (RM'000/year) | Deferred (RM'000/year) |
|--|-------------------------------|---------------------------|
| CEO | | |
| <u>Fixed remuneration:</u> | | |
| • Cash-based | 1,100.00 | Nil |
| • Shares and share-linked instruments | Nil | Nil |
| • Others (includes Benefits-in-kind) | 24.60 | Nil |
| <u>Variable remuneration:</u> | | |
| • Cash-based | 433.65 | 339.45 |
| • Shares and share-linked instruments | Nil | 625.00 |
| • Others | Nil | Nil |

(iii) **Senior Officers and Other Material Risk Taker remuneration details for FY 2023:**

| Total Value of Remuneration Awards for FY 2023 | Unrestricted (RM'000) | Deferred (RM'000) |
|---|--------------------------|----------------------|
| Senior Officers and Other Material Risk Taker: | | |
| Fixed remuneration: | | |
| • Cash-based | 4,362.53 | Nil |
| • Shares and share-linked instruments | Nil | Nil |
| • Others (includes Benefits-in-kind) | 650.11 | Nil |
| Variable remuneration: | | |
| • Cash-based | 1,015.69 | 162.00 |
| • Shares and share-linked instruments | Nil | 405.00 |
| • Others | Nil | Nil |

(iv) **Additional remuneration related information pertaining to Senior Management, Senior Officers and Other Material Risk Taker:**

| FY 2023 | Number | Amount (RM'000) |
|--|--------|--------------------|
| Number of Officers having received a Variable Remuneration | 9* | |
| Number and Total Amount of Guaranteed Bonuses Awarded | Nil | |
| Number and Total Amount of Sign-On Awards Made | Nil | |
| Number and Total Amount of Severance Payments Made | 1 | 199.56 |
| Total Amount of Outstanding Deferred Remuneration = (a) + (b) + (c) | | 3,747.08 |
| - Cash (a) | | 1,840.43 |
| - Shares & Shares linked instruments (b) | | 1,906.64 |
| - Others (c) | | Nil |
| Total Amount of Deferred Remuneration Paid Out during FY 2023 | | 1,628.42 |

Legend:

*Total of 11 staff in identified roles (CEO, all Senior Officers and Other MRT) during FY 2023, o/w 1 was terminated in February 2023 and another was terminated in August 2023.